

Apr-18-07 08:10pm From:NHL

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T-221 P.02/03 F-145



William L. Daly | Deputy Commissioner

April 18, 2007

**VIA FACSIMILE & OVERNIGHT DELIVERY**

Steve Mills  
President and COO  
MSG Sports  
Madison Square Garden  
Two Pennsylvania Plaza  
New York, NY 10121-0091

Dear Steve:

I have tried unsuccessfully to reach you by phone both yesterday and again this morning to discuss with you recent initiatives involving the Rangers which are in clear and blatant violation of League Rules.

On Monday of this week, we learned for the first time that Madison Square Garden Network intended to insert virtual advertising and/or signage into their broadcast of last night's Game #3 of the Eastern Conference Quarter-Final series versus the Atlanta Thrashers. We advised immediately that such unilateral action would be in clear violation of existing League Rules – something we also made clear to you in our in-person meeting several weeks ago. We also asked for specifics on what you would propose so that we might evaluate how best to proceed. In this regard, we told you that we might be in a position to authorize all or some portion of the proposed initiative as a test case, as we had indicated during our meeting. Yesterday afternoon, we received a response in which it was indicated that you intended "to move forward with these activities and [you did] not believe any proposal was necessary."

Separately, we also learned yesterday for the first time that the Rangers had set up a Rangers' "Team Store" for the purpose of selling team merchandise on its website. This online "Team Store" is clearly prohibited under the League's existing Internet Regulations. Further, it also is in violation of the contractual obligations providing for exclusivity in our League-wide deal with GSI, which operates the online "stores" for the League and each Club. Indeed, the Rangers (and several other Clubs) have in the past respected these League Rules and contractual commitments by discontinuing similar online "store" activities upon being told that such initiatives were in violation of League Rules. When we contacted your website manager to inform him that your initiative would have to be discontinued, he told us that while he knew that what the Rangers were doing was in violation of League Rules, he had received direction from upper level management to maintain the "Team Store" on the team's website, and leave it to management to address the League's concerns.

**National Hockey League**

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Finally, and as we have previously discussed, we understand that the Rangers are continuing to "stream" MSG's broadcasts of Rangers' games to Optimum Online broadband subscribers within the Rangers' local broadcast territory. As you know, we have been unsuccessful in previous attempts to schedule a meeting to discuss this matter and provide your organization an opportunity to explain that the service is not properly characterized as streaming. In the absence of any additional information having been provided, this is in clear violation of existing League Rules and your current practice has never been authorized by the National Hockey League.

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The above-described activities are blatant violations of League Rules and you must cease and desist from engaging in these activities immediately. Without waiving any of the NHL's rights at law or equity, in addition I am putting you on notice that, effective beginning today, and for each future day on which the Rangers organization commits a violation of League Rules by virtue of any of the activities described above, the organization will be fined a total of \$100,000, payable on a rolling one week basis (e.g., the fine for today will be due for payment by no later than Tuesday, April 24, the fine for tomorrow will be due for payment by no later than Wednesday, April 25, and so on). In the event the Rangers organization fails to pay the fine(s) directly by the prescribed dates, the amounts will be withheld from future League-wide payments or distributions normally owing to the Club.

Obviously, we invite you to contact us and, if necessary, meet with us, at the earliest opportunity to further discuss these very serious matters.

Sincerely,



William L. Daly

WLD/ac

cc: Gary Bettman  
Joseph DeSousa  
Craig Harnett  
Keith Rutter  
John Shannon